

Sor Lor 006/2022

February 28, 2022

Subject : Management's Discussion and Analysis for the fourth Quarter and twelve-month period of 2021

To : The President

The Stock Exchange of Thailand (SET)

Pranda Jewelry Public Company Limited would like to notify the operating result stated in consolidated financial statements for the fourth Quarter period ended December 31, 2021 which compared to the same period of 2020.

For the operating result of fourth Quarter ended December 31, 2021 compared with the same period of 2020. There is a profit on equity holders of the company at the amount of Baht 58.77 million compared to the same period of previous year that the company has profit on equity holders at Baht 2.34 million or increased by 2,411.54%. The Statement of Comprehensive Income in brief is presented as followed:

	Unit: Million Baht		
	October- December		
	2021	2020	Change (%)
Sales revenue	1,017.15	775.59	31.15%
Cost of sales	775.88	577.81	34.28%
Gross profit	241.27	197.78	21.99%
Gross profit margin	23.72%	25.50%	(1.78%)
Selling and administrative expenses	158.03	204.82	(22.84%)
Operating profit (Loss)	83.24	(7.04)	1,282.39%
Finance cost	8.28	10.76	(23.05%)
Gain (Loss) on exchange rate	(38.75)	1.70	(2,379.41%)
Other items (expenses)	30.97	(41.09)	175.37%
Tax income (expenses)	(7.56)	114.51	(106.60%)
Non-controlling interests of the subsidiaries (loss)	0.85	54.98	(98.45%)
Profit (Loss) on equity holders of the Company	58.77	2.34	2,411.54%

Pranda Group has revenue of Baht 1,017.15 million compared to the same period of previous year Baht at 775.59 million or increased by 31.15%.

The increase in revenue is mainly due to sale from production business, which account for 74% of total revenue, increased by 45% compared with same period of previous year as key customer's economy in Europe and USA grow significantly.

While revenue in distribution business, which account for 3% of total revenue, decreased by 14% compared with same period of previous year mainly due to restructuring business plan in UK and USA align with plan. Meanwhile, India recover since third quarter 2021 after starting local production line to supply the growing demand in India market resulted in increasing on sales in fourth quarter 2021 compared with same period of previous year.

Revenue from retail business, which contributes 23% of total revenue increased by 6% due to release lockdown measurement in both Thailand and Vietnam in fourth quarter 2021 resulted in recovery in retail business. While the same period of previous year, the company had been affected by COVID-19 epidemic situation in December 2020 in Thailand.

As a result of overall in fourth quarter 2021, the company has gross profit of Baht 241.27 million or 23.72% lower than same period of previous year which was at 25.50% because production business unit contribute higher revenue portion than same period of previous year as mentioned above.

In fourth quarter 2021, Pranda Group has selling and administration expense at Baht 158.03 million decreased by 22.84% due to decreasing expense on distribution business in UK and USA align with plan.

Pranda Group has finance cost at Baht 8.28 million compared to the same period of previous year at Baht 10.76 million or decreased by 23.05% which mainly due to loan outstanding balance as at December 31, 2021 lower than the same period of previous year.

In fourth Quarter, Pranda Group has loss on exchange rate at the amount of Baht 38.75 million compared to the same period of previous year which had gain on exchange rate at Baht 1.70 million which mainly came from unrealized loss on exchange rate of working capital in subsidiary in foreign country.

Other items has at Baht 30.97 million compared to the same period of previous year at Baht (41.09) million or increased by 175.37% mainly came from fourth quarter in 2021 Pranda Group has one-time income due to restructuring plan in USA in distribution business.

Pranda Group has tax expense Baht 7.56 million while the same period of previous year had tax income Baht 114.51 million as Pranda Group used tax benefit which came from deregistration subsidiaries in Germany in fourth quarter 2020.

In summary, Pranda Group has made profit on equity holders of the company at Baht 58.77 million compared with the same period of previous year which had made profit Baht 2.34 million.

For the operating result of twelve-month period ended December 31, 2021 compared with the same period of 2020. There is a profit on equity holders of the company at the amount of Baht 138.17 million compared to the same period of previous year that the company has loss on equity holders at Baht 95.10 million or increased by 245.29%. The Statement of Comprehensive Income in brief is presented as followed:

	Unit: Million Baht		
	January - December		
	2021	2020	Change (%)
Sales revenue	2,900.53	2,462.30	17.80%
Cost of sales	2,213.38	1,912.76	15.72%
Gross profit	687.15	549.54	25.04%
Gross profit margin	23.69%	22.32%	1.37%
Selling and administrative expenses	590.83	675.93	(12.59%)
Operating profit (Loss)	96.32	(126.39)	176.21%
Finance cost	36.49	52.66	(30.71%)
Gain (Loss) on exchange rate	77.16	59.66	29.33%
Other items (expenses)	57.97	(30.40)	290.69%
Tax income (expenses)	(61.52)	96.28	(163.90%)
Non-controlling interests of the subsidiaries (Loss)	(4.73)	41.59	(111.37%)
Profit (Loss) on equity holders of the Company	138.17	(95.10)	245.29%

Pranda has revenue at Baht 2,900.53 million compared to the previous year at Baht 2,462.30 million or increased by 17.80%.

Key factors mainly came from sales in production business, which contributes 74% of total revenue increased by 43% compared with the previous year as key customer's economy in Europe and USA grow significantly.

Meanwhile, revenue in distribution business which has proportion 4% of total revenue decreased by 12% compared with the previous year due to restructuring business plan in UK and USA align with plan.

For revenue in retail business, which contributes 22% of total revenue, decreased by 23% as effect from COVID-19 epidemic situation. In addition, in first quarter 2021, retail business in Thailand has been affected by the 2nd round and greatly affected by the 3rd round of COVID-19 epidemic situation more than previous year as well as Vietnam increased government policy to prevent epidemic of COVID-19. However, revenue has recover and growth after releasing lockdown measurement in both Thailand and Vietnam in fourth quarter 2021.

As a result of overall in twelve-month 2021 has gross profit Baht 687.15 million or 23.69% higher than previous year which had gross profit margin at 22.32%.

Selling and administrative expenses of the Group has at Baht 590.83 million decreased by 12.59% compared with same period of previous year due to decreasing expense in distribution business in UK and USA align with plan as well as reducing selling and administration expense in retail business as effect of the epidemic situation on 3rd round in second quarter continued to third quarter 2021.

Pranda Group has finance cost at Baht 36.49 million compared to the same period of previous year at Baht 52.66 million or decreased by 30.71% which mainly due to loan outstanding balance as at December 31, 2021 lower than the same period of previous year.

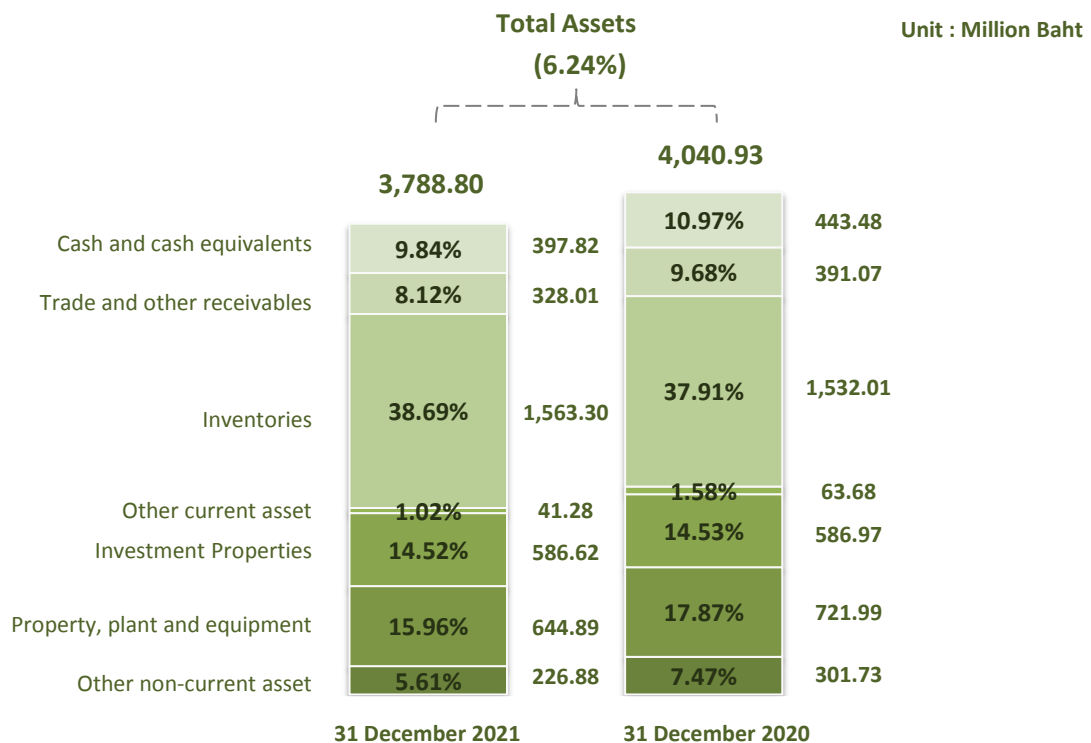
In twelve-month 2021, the Group has gain on exchange rate at the amount of Baht 77.16 million while compared to the same period of previous year which had gain on exchange rate at Baht 59.66 million mainly came from depreciation on Baht which mainly due to unrealized gain on exchange rate of working capital in subsidiary in foreign country.

Other items of the Group at Baht 57.97 million compared to the previous year which had other items at Baht (30.40) million or increased by 290.69% mainly came from the Group has one-time income due to restructuring plan in USA in distribution business and unrealized gain on market price of raw material which decreased as at ended of quarter compared with same period of previous year.

The Group has tax expense Baht 61.52 million while previous year had tax income Baht 96.28 million as Pranda Group used tax benefit which came from deregistration subsidiaries in Germany in fourth quarter 2020.

In summary, Pranda Group has made profit on equity holders of the company at Baht 138.17 million while same period of previous year made loss on equity holders of the company at Baht 95.10 million.

For statement of financial position as at December 31, 2021, changes as compared to December 31, 2020 are as followed:

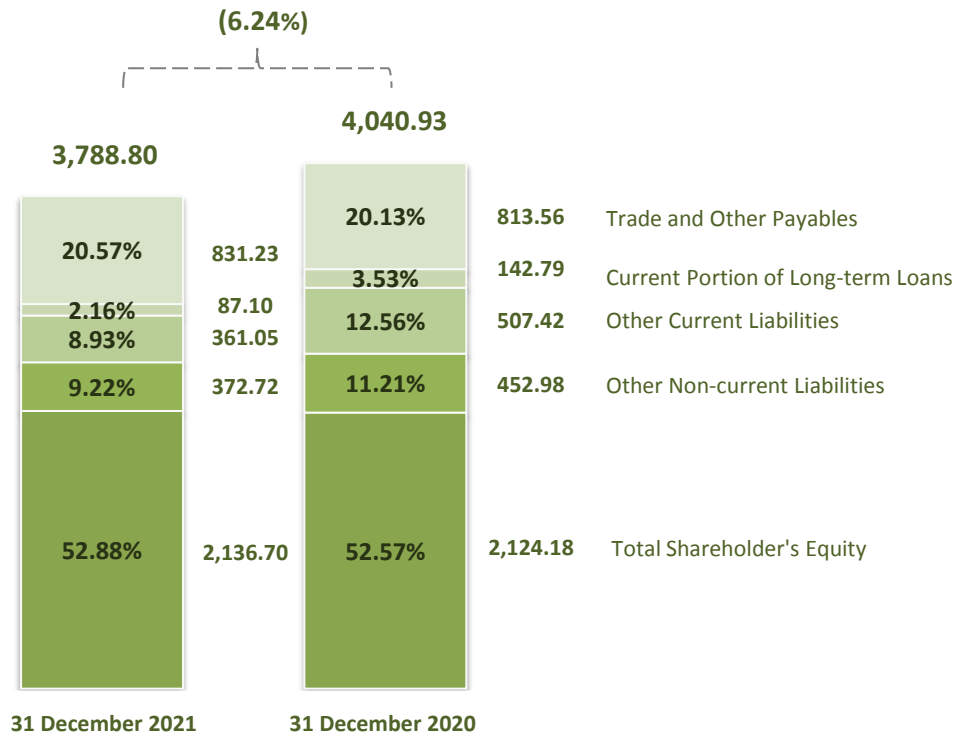


The group's total asset as of December 31, 2021 has at Baht 3,788.80 million which decreased by Baht 252.13 million or 6.24% as compared to December 31, 2020. The decreasing of total assets mainly come from decreasing on deferred tax assets as The group used loss carry forward for tax objective resulted in decreasing on unused tax losses. Also, property, plant and equipment decreased due to annual depreciation expense.

While increasing on inventory particularly the work in process inventory that are due for delivery in first quarter 2022.

Total Liabilities and Shareholders' Equity

Unit : Million Baht



The group's total liabilities and shareholders' equity as of December 31, 2021 has at Baht 3,788.80 million decreased by Baht 252.13 million or 6.24% as compared to December 31, 2020, mainly came from repayment loans from financial institutions and convertible debenture. Also, other non-current liabilities decreased due to amended lease agreement resulted in decreasing on lease liabilities.

Cash flow statement for the period ended December 31, 2021, Pranda Group has cash and cash equivalents at Baht (45.66) million while same period of previous year had cash and cash equivalents at Baht (104.26) million as details as follow:

	Unit: Million Baht	
	January - December	
	2021	2020
Cash Flow from Operating Activities	300.84	157.50
Cash Flow from Investing Activities	(31.52)	(61.74)
Cash Flow from Financing Activities	(216.26)	(153.02)
Increase in Translation Adjustment	(98.72)	(47.00)
Net Cash Flow	<u>(45.66)</u>	<u>(104.26)</u>

The Company's Cash Inflow from Operating Activities period ended December 31, 2021 is at Baht 300.84 million, mainly due to Pranda Group has profit from operation after adjustment to reconcile of non-cash transaction Baht 398.80 million and cash outflow used in inventory increased by Baht 57.58 million, account payable and other payable decreased by Baht 10.06 million, other current liabilities decreased by Baht 10.48 million and cash paid for long-term employee benefits Baht 13.58 million.

Net Cash Outflow used in Investing Activities period ended December 31, 2021 is at 31.52 million generally due to purchasing fixed assets for operating working capital in Pranda Group.

Net Cash Outflow used in Financing Activities period ended December 31, 2021 is at Baht 216.26 million mainly came from Pranda group repayment of bills of exchange Baht 50.00 million, paid for convertible debentures redemption Baht 35.00 million, repayment loan on schedule Baht 93.25 million and payment dividend Baht 53.90 million. Also, the company has proceeds from ordinary shares issuance from exercised warrants Baht 47.87 million.



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Translation adjustment for the period ended December 31, 2021 at Baht 98.72 million mainly came from depreciation on Baht compared with US dollars, Pound Sterling and Euro by 9.03%, 11.37% and 4.69% respectively which resulted in unrealized gain on exchange rate from translation adjustment of subsidiary.

Please be informed accordingly.

Yours Sincerely

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